

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF ILLINOIS**

In Re:)	IN CHAPTER 7 PROCEEDINGS
)	
CHEMETCO INC.,)	BK 01-34066
)	
Debtor.)	

APPLICATION TO APPROVE SETTLEMENT

TO: HON. KENNETH J. MEYERS, U.S. Bankruptcy Judge

The application of Donald M. Samson, Trustee, respectfully alleges:

1. Your applicant, Donald M. Samson, is the duly appointed and acting successor trustee in the above captioned matter (the “Trustee”).
2. The Trustee entered into an Asset Purchase and Processing Agreement, (“the Agreement”) with Industrial Asset Disposition LLC (“IAD”), dated July 29, 2009.
3. Pursuant to a joint motion filed by the Trustee, IAD and the Illinois Environmental Protection Agency (“IEPA”), the Bankruptcy Court approved and clarified the Agreement by Order dated September 21, 2009.
4. IAD subsequently assigned its rights under the Agreement to Paradigm Minerals and Environmental Services LLC (“Paradigm”).
5. The Agreement was further clarified and amended by a Motion and Order, dated March 9, 2010 and May 4, 2010, respectively.
6. On July 23, 2011, the Trustee filed a Motion to Pay Secured Creditor and Allocate Funds (the “Payment Motion”), seeking approval to allocate and pay the expected proceeds from sales of certain materials to various parties. On July 13, 2011, IEPA filed an objection to the Payment Motion (the “Payment Objection”). On August 8, 2011, following a hearing on the Payment Motion and the Payment Objection, the Bankruptcy Court entered an order granting the Payment Motion (the “Payment Order”).

7. On August 22, 2011, IEPA filed an appeal of the Payment Order (the “Appeal”), with the United States District Court for the Southern District of Illinois, in Case Number 3:11-cv-836-DRH. The Appeal is currently pending.

8. On December 14, 2011, IEPA and the United States Environmental Protection Agency (“USEPA”) filed a Joint Objection to Second Interim Application to Pay Commission to Broker (the “Broker Objection”).

9. On December 14, 2011, the IEPA filed an Objection to Sixth Interim Application for Compensation of Trustee Fees and Expenses (the “Trustee Objection” and, together with the Payment Objection and the Broker Objection, the “Objections”).

10. The Estate of Chemetco Inc., Paradigm, IEPA, USEPA and Commerce Bank have entered into a Settlement Agreement (the “Settlement Agreement”), a copy of which is attached hereto, which settles and dismisses the Appeal and further amends and clarifies the Agreement.

11. The Settlement Agreement provides for the distribution of the proceeds of the sale of processed materials, unprocessed materials and scrap assets of the estate of Chemetco between Paradigm, the Estate of Chemetco, Commerce Bank and other interested parties.

12. The Settlement Agreement provides for clarification and adjustment to the Agreement to describe and provide for current and anticipated future operations

13. The Settlement Agreement provides more detailed description of the operating expenses and costs that the Estate will pay or that will be reimbursed to the Estate by Paradigm and includes plans for reimbursement of operating expenses and costs advanced by the Estate to facilitate sales of various materials from the site.

14. In addition, the Settlement Agreement amends and clarifies the formula for distribution of sales revenue which shall include funding for environmental remediation, if needed, upon termination of operations.

15. The Settlement Agreement amends and clarifies the terms on which the sale price of the Smelter Site and New Poag Road property will be paid and distributed.

16. The Settlement Agreement amends and clarifies that Paradigm as the Buyer shall absorb costs related to demolition, removal and sale of Scrap Assets; costs related to construction of the Processing Facility; costs of sale for Processed Materials and Unprocessed Materials; and other costs related to Work Plans and Regulatory Compliance.

17. The Settlement Agreement contains the entire agreement between the Parties with respect to the matters covered by the Settlement Agreement and the clarifications/amendments sought by the Motion and Order, dated March 9, 2010 and May 4, 2010 respectively, have been supplanted by this Settlement Agreement and are merged into and controlled by the Settlement Agreement.

18. This application is a brief summary of the terms of the Settlement Agreement to give creditors and parties in interest notice of the salient terms of the Settlement Agreement. The exact terms of the Settlement Agreement and not the description used in this Application to Approve Settlement Agreement shall control the respective rights and obligations of the parties. A complete copy of the Settlement Agreement is available through the ECF system or by electronic mail upon written or email request to the Trustee.

19. Upon approval of the Settlement Agreement the IEPA will file a motion to dismiss the Appeal.

20. The Settlement Agreement is subject to approval by the U.S. Bankruptcy Court.

WHEREFORE, your trustee prays that this application be granted that the Settlement Agreement be approved and for such further relief as this Court deems just and equitable.

DATED: 8/23/12

/s/ Donald M. Samson
DONALD M. SAMSON, Trustee
226 W. Main St., Ste. 102
Belleville, IL 62220
618-235-2226

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT (the "Settlement Agreement") is made and entered into effective as of July 30, 2012 or the date of the order approving such Settlement Agreement (whichever is sooner), by and among Donald Samson, in his capacity as Trustee for the Bankruptcy Estate of Chemetco, Inc. ("Trustee" or "Seller"), Paradigm Minerals and Environmental Services, LLC ("Paradigm" or "Buyer"), Commerce Bank f/k/a Commerce Bank, N.A. ("Commerce Bank"), Illinois Environmental Protection Agency ("IEPA"), and the United States of America on behalf of the United States Environmental Protection Agency ("USEPA"). Trustee, Paradigm, Commerce Bank, IEPA, and the United States are collectively referred to as the "Parties" or individually, a "Party."

RECITALS

A. On November 13, 2001, Chemetco Inc. ("Chemetco") filed a voluntary petition under Chapter 7 of the Bankruptcy Code, Case No. 01-34066-KJM (the "Bankruptcy Case"), in the United States Bankruptcy Court for the Southern District of Illinois ("Bankruptcy Court"). The Bankruptcy Court appointed Laura Grandy as initial Trustee for the Chemetco bankruptcy estate and, upon Ms. Grandy's appointment to bankruptcy judge, appointed Donald Samson as successor Trustee. For purposes of these Recitals, the defined term "Trustee" shall refer to Ms. Grandy or Mr. Samson, as appropriate.

B. Trustee entered into an Asset Purchase and Processing Agreement dated July 29, 2009, and, pursuant to a joint motion filed by Trustee, Paradigm and IEPA, the Bankruptcy Court approved and clarified the Agreement by Order dated September 21, 2009 (the "Agreement") with Paradigm's predecessor, Industrial Asset Disposition, LLC ("IAD"). Capitalized terms not otherwise defined herein shall have their respective meanings set forth in the Agreement.

C. Pursuant to the Assignment, Assumption and Consent Agreement dated April 20, 2011 (the "Assignment"), IAD assigned all of its rights and obligations under the Agreement to Paradigm.

D. The Agreement was further clarified and amended by a Motion and Order, dated March 9, 2010 and May 4, 2010, respectively.

E. On June 23, 2011, Trustee filed a Motion to Pay Secured Creditor and Allocate Funds (the "Payment Motion"), seeking approval to allocate and pay the expected proceeds from sales of certain materials to various parties. On July 13, 2011, IEPA filed an objection to the Motion (the "Payment Objection"). On August 8, 2011, following a hearing on the Motion and the Objection, the Bankruptcy Court entered an order granting the Payment Motion (the "Payment Order").

F. On August 22, 2011, IEPA filed an appeal of the Payment Order, Case No. 3:11-CV-836-DRH (the "Appeal"), with the United States District Court for the Southern District of Illinois. The Appeal is currently pending.

G. On December 14, 2011, IEPA and USEPA filed a Joint Objection to Second Interim Application to Pay Commission to Broker (the "Broker Objection").

H. On December 14, 2011, IEPA filed an Objection to Sixth Interim Application for Compensation of Trustee Fees and Expenses (the "Trustee Objection" and, together with the Payment Objection and the Broker Objection, the "Objections").

I. The Parties now wish to compromise, settle and fully resolve the Appeal and various claims and disputes related to and/or arising from the Agreement, the Assignment, the Objections, and the Payment Order without any admission of law or fact by any of the Parties in any respect whatsoever.

AGREEMENT

NOW, THEREFORE, in consideration of the terms, conditions and mutual promises contained herein, it is acknowledged by all Parties that the Parties hereto do agree and contract with each other as follows:

1. The foregoing recitals are true and correct and are hereby incorporated into and made a material part of this Settlement Agreement.

2. On the Effective Date, the Agreement shall be amended as follows:

a. The following defined terms contained in Exhibit A to the Agreement are amended to read as follows:

- i. "Buyer" shall mean Paradigm Minerals and Environmental Services, LLC."
- ii. "NPR Transfer Date" shall mean the date upon which Seller transfers title to the NPR Property to Buyer or to a third party purchaser in accordance with Section 11.1(b) which shall be after the date that the NPR Purchase Price has been paid in full; provided that Buyer is not obligated to take title to the NPR Property."
- iii. "Operating Expenses" shall mean: (i) the costs, real estate taxes, insurance coverage, maintenance and upkeep for the Smelter Site not related to the Processing Facility; (ii) Seller's personnel and administration costs and Seller's taxes; (iii) health and safety costs applicable to the Smelter Site and Seller's personnel; (iv) any and all legal and accounting fees incurred in connection with a particular sale; (v) the Broker Fee of 2% on non-real estate gross sales revenue and the Broker Fee of 6% on real estate gross sales revenue; (vi) Trustee's fee on all gross sales revenue; (vii) all costs of Seller's compliance with Regulatory Agency requirements (except as provided in Section 5.2 (b) hereof); and (viii) any

recording and filing fees except as directly related to a particular sale hereunder.”

- iv. “‘Scrap Assets’ shall mean the miscellaneous steel, iron, and other metal bearing material comprising part of the buildings on the Smelter Site or constituting scrap metal previously acquired as feed stock for smelting; provided, however that “Scrap Assets” shall not include any Recovered Materials or Unprocessed Materials or furnaces.”
- v. “‘Smelter Transfer Date’ shall mean the date upon which Seller transfers title to the Smelter Site to Buyer or a third party purchaser in accordance with Section 11.1(a) which shall be after the date that the NPR Purchase Price has been paid in full; provided that Buyer is not obligated to take title to the Smelter Site.”
- vi. “‘Trustee’ shall mean Donald Samson, in his capacity as Trustee of the Chemetco bankruptcy estate and any successor trustee.”

b. The following new defined terms are added to Exhibit A to the Agreement:

- i. “‘Broker Fee’ shall have the meaning ascribed to such term in Section 11.5.”
- ii. “‘Buyer Fee’ shall have the meaning ascribed to such term in Section 4.5.”
- iii. “‘Mixed Fines’ shall mean, in general, material of the type identified as “Mixed Fines” in Trustee’s December 1, 2010 Notice of Intent to Sell (Doc. 1583).”
- iv. “‘Sale Revenue’ shall mean the gross revenue from the sale of all Recovered Materials and Unprocessed Materials on or after March 31, 2012, net of the Buyer Fee and the Operating Expenses.”
- v. “‘Total Purchase Price’ shall have the meaning ascribed to such term in the new Section 4.4(c).”
- vi. “‘Unprocessed Materials’ shall mean Slag, Scrubber Sludge, Mixed Fines, furnace cleanup, furnace dust, cupro, pot slag, and any other unprocessed materials containing copper, zinc, lead, tin, nickel, or other metals.”

c. The defined term “Processing Revenue” is deleted from Exhibit A of the Agreement, and all references to “Processing Revenue” in the Agreement shall be deemed to refer to “Sale Revenue.”

d. Section 2.1(a) of the Agreement is deleted in its entirety and replaced with the following:

“(a) As of the date hereof, Buyer has paid to Seller the sum of \$100,000 (the “Deposit”), which amount shall be applied to the Smelter Purchase Price.”

e. Section 3.4 of the Agreement is revised to read as follows: “All demolition and sale of Scrap Assets were substantially completed as of the date of this Settlement Agreement.”

f. The first sentence of Section 4.2 of the Agreement is deleted in its entirety and replaced with the following:

“4.2 If Buyer elects to do so, Buyer shall construct and operate a facility to process Unprocessed Materials on the Smelter Site (the “Processing Facility”) for purposes of recovering copper, zinc, lead, tin, nickel, iron, and other materials, including compounds containing one or more of the aforementioned metals, from the Unprocessed Materials (the “Recovered Materials”).”

g. Section 4.4(a) of the Agreement is revised by adding “(i) For sales made prior to March 31, 2012,” at the start of the current subparagraph, deleting the last sentence of that subparagraph, and by adding the following subparagraph:

“(ii) For sales on or after March 31, 2012, so long as a balance remains on the Smelter Purchase Price, and after the Buyer Fee is paid to Buyer and the Operating Expenses are reimbursed, the Sale Revenue shall be distributed by Seller as follows: (i) 5% to Trustee to be transferred by Trustee pursuant to Section 5.2 of the Agreement with no cap or limit on the aggregate amount of such Escrowed Funds; (ii) 15% to Buyer; (iii) 40% to Seller to be applied to the Smelter Purchase Price; and (iv) 40% to Commerce Bank to satisfy Commerce Bank’s valid and first priority lien against Mixed Fines, Slag, Scrubber Sludge and Recovered Materials, which amount shall be applied to the Smelter Purchase Price.”

h. Section 4.4(b) of the Agreement is deleted in its entirety and replaced with the following:

“(b) Following payment in full of the Smelter Purchase Price, so long as there remains a balance due on the NPR Purchase Price, and after the Buyer Fee is paid to Buyer and the Operating Expenses are reimbursed, the Sale Revenue shall be distributed by Seller as follows: (i) 5% to Trustee to be transferred by Trustee pursuant to Section 5.2 of the Agreement with no cap or limit on the aggregate amount of such Escrowed Funds; (ii) 15% to Buyer; (iii) 30% to Seller to be applied to the

NPR Purchase Price; and (iv) 50% to Seller, which shall not be applied to the NPR Purchase Price.”

i. Section 4.4(c) of the Agreement is deleted in its entirety and replaced with the following:

“(c) At such time as the Smelter Purchase Price and NPR Purchase Price (collectively, the “Total Purchase Price”) have been paid in full, and after the Buyer Fee is paid to Buyer and the Operating Expenses are reimbursed, the Sale Revenue shall be distributed by Seller as follows: (i) 5% to Trustee to be transferred by Trustee pursuant to Section 5.2 with no cap or limit on the aggregate amount of such Escrowed Funds; (ii) 47.5% to Buyer; and (iii) 47.5 % to Seller.”

j. Section 4.5 of the Agreement is deleted in its entirety and replaced by the following:

“(a) Notwithstanding anything herein to the contrary, all processing shall be completed by the seventh anniversary of: (i) Bankruptcy Court approval of this Settlement Agreement, or (ii) the District Court’s approval of the Consent Decree currently being negotiated between the Parties, whichever is later, unless measures approved by USEPA in consultation with the IEPA are in place and maintained which will prevent the release of hazardous substances onto or into areas addressed by remedial or removal actions (as those terms are defined in CERCLA Section 101, 42 U.S.C. § 9601) that are outside of the 41.1 acre portion of the Smelter Site encompassing the Foundry area, Slag Pile and Zinc Oxide Bunker.

(b) Buyer shall absorb all costs that are related to: (i) demolition, removal, and sale of Scrap Assets (Buyer has applied revenue from scrap sales to pay such costs and shall not be liable to the Trustee or otherwise for reimbursement of such costs paid by such revenue); (ii) all costs of construction, labor, equipment, marketing, development, and logistics of the construction and operation of the Processing Facility to produce Recovered Materials; (iii) all costs of the sale of Recovered Materials and Unprocessed Materials; (iv) all costs for the development and implementation of the Work Plans; and (v) all costs of Buyer’s compliance with Regulatory Agency requirements (except as provided in Section 5.2 (b) hereof). In return for absorbing all of these costs, Buyer shall receive the following percentage payments from the gross sales revenue from the sale of Recovered Materials and Unprocessed Materials: 30% for sales prior to March 31, 2012 and 40% for sales on or after March 31, 2012. This fee shall be defined as the “Buyer Fee.” Direct costs (not including Seller’s Operating Expenses) incurred by Seller to effectuate such sales shall be credited against the Buyer Fee and reimbursed at Trustee’s discretion but in any event no later than the date of termination

of the Agreement. The Buyer Fee shall remain at 40% of the gross sales revenue until the Total Purchase Price has been paid in full, after which the Buyer Fee shall change to 30% of gross sales revenue for the remainder of the Agreement.”

k. A new Section 4.7 of the Agreement is added as follows:

“4.7 In the event that Buyer elects, in its sole discretion, to proceed with the construction and operation of the Processing Facility, Buyer will pay for the Processing Facility from the Buyer Fee and from the Buyer’s share of Sale Revenue (or other funds available to Buyer). However, in its sole discretion, Seller may advance to Buyer funds for the costs of construction of the Processing Facility (to the extent Seller has available funds). Funds so advanced by Seller may be recouped from Buyer’s distribution share of the Sale Revenue (but not from the Buyer Fee paid to Buyer). In addition, with respect to the requirements under Section 4.6(c) hereof, Seller and Buyer shall work together to determine an appropriate contractor or contractors for such work and the corresponding level of insurance, bonds or lien waivers required, if any, in Seller’s reasonable discretion.”

l. Section 5.2 of the Agreement is hereby deleted in its entirety and replaced with the following:

“5.2 (a) Any amounts directed to be transferred by Trustee pursuant to Section 4.4(a)(i), 4.4(b)(i), and 4.4(c)(i) hereof shall be transferred by Trustee into an interest bearing account for the benefit of USEPA and IEPA as described in subparagraph (d) of this Section (“Escrowed Funds”).

(b) The purpose of the Escrowed Funds is to fund, upon approval of USEPA after consultation with the State, performance of any environmental response actions that may be required as a result of performance by Seller’s, Paradigm’s or its contractor’s work. After Escrowed Funds have been used by Paradigm, for environmental response actions, Seller or Paradigm may access such funds to fund, upon approval of EPA after consultation with the State, for the: (i) closure and post-closure of all units used to store, manage, and process the Recovered Materials and/or Unprocessed Materials; (ii) disposal of all Recovered Materials and/or Unprocessed Materials that are in process but are not yet sold and any accumulated process wastes; (iii) decontamination of all equipment and buildings used in such processes; and (iv) any professional fees, related to the activities described in subsections (i) – (iii) of this subparagraph.

(c) The unutilized Escrowed Funds shall remain in escrow until all appropriate “no further remediation” letters have been received by Seller. As used in this Section 5.2(c), the phrase “all appropriate ‘no further remediation’ letters” is not a specific reference to a “No Further

Remediation Letter” pursuant to Section 58.10 of the Environmental Protection Act but rather a generic reference to any appropriate closure or termination letter issued by an agency with jurisdiction over the remediation in question.

(d) Any Escrowed Funds remaining after termination of the Agreement for whatever reason and after such Escrowed Funds have been used to remediate any new environmental non-compliance conditions caused by Buyer or Seller after September 21, 2009, may be used to remediate any environmental problem or condition existing on the site prior to the filing of Chemetco’s bankruptcy proceeding.”

m. Section 6.1(f) of the Agreement is deleted in its entirety and replaced with the following:

“(f) Notwithstanding anything else in this Agreement to the contrary, to the extent funds are available, make monthly distributions of Scrap Revenue and Sale Revenue, provided, that Seller may retain a portion of the Scrap Revenue and/or the Sale Revenue otherwise distributable to Buyer or Commerce Bank to meet the ongoing Operating Expenses as determined from time to time by Seller (and pay such retained amounts to Buyer or Commerce Bank, as applicable, as soon as funds are available). Seller may advance funds to Buyer for the costs of operation of the Processing Facility, the costs of implementation of Work Plans, the costs of compliance with Regulatory Agency requirements, and payment of the Buyer Fee if necessary to maintain continued operations. Such advanced funds shall be recovered at a time determined by Seller from future distributions of the Buyer Fee, the Scrap Revenue and/or the Sales Revenue payable to Buyer.”

n. A new Section 6.3 of the Agreement is added, as follows:

“6.3 Notwithstanding any provision contained in this Agreement to the contrary, Buyer shall have no duty or obligation to (a) request or accept ownership to or possession of the Smelter Site or the NPR Property from Trustee or any other party, (b) sell the Smelter Site or the NPR Property, or (c) construct or operate the Processing Facility. If no Processing Facility is constructed or Paradigm ceases operation of the Processing Facility, all sales of Unprocessed Material must be completed by the seventh anniversary of: (i) the Bankruptcy Court’s approval of this Settlement Agreement, or (ii) the District Court’s approval of the Consent Decree currently being negotiated between the Parties, whichever is later, unless measures approved by the United States Environmental Protection Agency in consultation with the Illinois Environmental Protection Agency are in place and maintained which will prevent the release of hazardous substances onto or into areas addressed by remedial or removal actions (as those terms are defined in CERCLA Section 101, 42 U.S.C. ‘ 9601) that

are outside of the 41.1 acre portion of the Smelter Site encompassing the Foundry area, Slag Pile and Zinc Oxide Bunker.”

o. Section 11.1 of the Agreement is deleted in its entirety and replaced with the following:

“11.1 Time and Place of Transfer

(a) Title to the Smelter Site shall remain with Seller until the occurrence (if ever) of the Smelter Transfer Date. Upon payment in full of the Total Purchase Price, Buyer shall have the right (but not the obligation) to (i) request that Trustee transfer to Buyer all of Trustee’s right, title and interest in and to the Smelter Site pursuant to a trustee’s deed executed by Trustee (and in form and substance acceptable to Buyer), or (ii) sell, as Trustee’s agent, all of Trustee’s right, title and interest in and to the Smelter Site (exclusive of and subject to Trustee’s and/or Buyer’s rights in and to the Scrap Assets and/or Recovered Materials) to a third party purchaser on terms and conditions acceptable to Buyer, subject to applicable approvals, with all net proceeds of such sale to be paid to Buyer.

(b) Title to the NPR Property shall remain with Seller until the occurrence (if ever) of the NPR Transfer Date. Upon payment in full of the Total Purchase Price, Buyer shall have the right (but not the obligation) to (i) request that Trustee transfer to Buyer all of Trustee’s right, title and interest in and to the NPR Property pursuant to a trustee’s deed executed by Trustee (and in form and substance acceptable to Buyer), or (ii) sell, as Trustee’s agent, all of Trustee’s right, title and interest in and to the NPR Property to a third party purchaser on terms and conditions acceptable to Buyer, subject to applicable approvals, with all net proceeds of such sale to be paid to Buyer.”

p. A new Section 11.5 of the Agreement is added, as follows:

“11.5 The fee due to the Barber Murphy Group (the “Broker Fee”) of 2% on non real estate gross sales revenue, the Broker Fee of 6% on all real estate gross sales revenue, and Trustee’s fee of 3% on all gross sales revenue shall be paid by Seller. The Broker Fee of 6% on all real estate gross sales revenue applicable to the Smelter Site or the NPR Property shall be due and payable upon payment of the applicable purchase price.”

q. Section 13.5 of the Agreement is amended to provide the following new notice addresses for the parties:

“To Buyer:

Paradigm Minerals and Environmental Services, LLC
3574 Chemetco Lane

Hartford, IL 62048
Attn: Elliott Stegin and Steve Zuber

With a copy to:

Daniel Nester
Bryan Cave LLP
211 N. Broadway, Suite 3600
St., Louis, MO 63102

-and-

Steve Poplawski
Bryan Cave LLP
211 N. Broadway, Suite 3600
St., Louis, MO 63102

To Seller:

The Bankruptcy Estate of Chemetco, Inc.
c/o Donald Samson
226 W. Main Street, Suite 102
Belleville, IL 62220

With a copy to:

William Niehoff
Mathis, Marifian & Richter, Ltd.
23 Public Square, Suite 300
Belleville, IL 62220"

3. The Parties acknowledge distributions made in connection with the sales described below must be recalculated using the revised formulae established pursuant to this Settlement Agreement. The Parties agree that the recalculated distributions for these sales are as follows:

Sale	Gross Revenue \$\$	Direct Cost of Sales \$\$	Allocated Estate Operating Costs	Allocated Paradigm Operating Costs (3)	Net for Distribution	Distribution to be Paid
Mixed Fines/Scrubber Sludge Notice 12/1/10	1,475,807.75	526,100.25	250,000	250,000	475,807.75	P: \$118,951.93 C: \$166,532.56 E: \$166,532.56 RAE:23,790.39

Furnace Cleanup Notice 4/15/11	447,091.19	36,170.55	100,000	100,000	210,920.64	P: \$52,730.16 C: \$73,822.22 E: \$73,822.22 RAE:10,546.03
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	Gross Revenue	Buyer Fee 30%	Direct Costs of Sales	Allocated Estate Costs	Net for Distribution
Scrap Sale Demolition	1,730,199.69	NA	1,652,517.49	77,628.20	0
Scrap Sale Non-Demolition	38,863.40	5083.30	0	31,781.10	0

The Parties agree that any Party that previously received a distribution in excess of the amount recalculated above shall not be required to disgorge any such excess distribution amounts; rather, future distributions to such Party shall be adjusted to recover such excess distribution amounts, and such recovered amounts shall be used to reimburse any Party who previously received a distribution less than the amount recalculated above.

The Parties further agree that the Sales occurring before March 31, 2012 shall be reconciled as described in the table above.

The Parties further agree that the Sales occurring after March 31, 2012 (excluding the 900,000 MT slag sale contract described in the next section) shall be distributed according to the following:

Gross Revenue
Less Operating Expenses;
Less Buyer Fee.

The resulting sum shall be distributed according to the formulas set forth in paragraph 4.4 as appropriate.

The Parties further agree that with respect to sale of any portion under the 900,000 MT slag sale contract priced at \$22.50 per MT, proceeds shall be distributed according to the following:

Gross Revenue
Less Direct Costs of Sale, including loading, screening, containers,
materials, equipment, and labor;
Less Buyer Fee;
Less Operating Expenses;

The resulting sum will be distributed according to the formulas set forth in paragraph 4.4 as appropriate.

4. The Parties expressly acknowledge and agree that Commerce Bank has a first priority lien on Mixed Fines, Slag, Scrubber Sludge, Cupro, Pot Slag, copper fines, Furnace Cleanup, and Recovered Materials and any other Unprocessed Materials, but not on Scrap Assets, real estate or on the furnaces.

5. It remains the intention of the Parties that Trustee is vested with the authority to make decisions to allow the Processing, sales of metal bearing material and all related operations authorized by the Agreement to be undertaken by Paradigm to proceed in a smooth and efficient manner. Such authority includes, but is not limited to, the decision to extend the timeframes for performance by Buyer as set forth in the Agreement, provided that the Trustee shall advise the other Parties in writing, in advance, of any changes to such time frames.

6. Trustee has itemized, by category, \$680,217.90 in costs sought by Trustee in the Payment Motion and all costs incurred by Trustee prior to March 31, 2012 (the "Itemized Costs"), which itemization is attached hereto as Exhibit A. After payment in full of the Total Purchase Price, \$446,392.65 of the Itemized Costs (as set forth in Exhibits A and B) and \$91,248.04 shall be paid by Paradigm (such amounts will be paid from Seller's deductions of this amount from future distributions of the Buyer Fee or Sale Revenue payable to Paradigm, unless paid earlier by Paradigm on a mutually agreeable basis). If the Agreement is terminated without full payment of the Total Purchase Price, the portion of Itemized Costs payable by Paradigm will be deducted from any payment then owed to Paradigm or paid back by Paradigm as mutually agreed to or as ordered by the Bankruptcy Court if no further payment is owed.

7. Within seven (7) days after the execution of this Settlement Agreement by the Parties, Trustee shall (a) file a motion with the Bankruptcy Court, seeking approval of this Settlement Agreement pursuant to Bankruptcy Rule 9019 (the "Settlement Motion"), (b) file a notice of hearing on the Settlement Motion with the Bankruptcy Court (the "Settlement Notice"), scheduling the hearing on the Settlement Motion for a date no more than 30 days after the filing of the Settlement Motion, and (c) serve a copy of the Settlement Notice on all parties listed on the creditor matrix filed in the Bankruptcy Case.

8. Unless otherwise agreed to by the Parties in writing, if the Court does not enter an order approving each of the terms and conditions contained in this Settlement Agreement (the "Settlement Order") within 45 days after the filing of the Settlement Motion, this Settlement Agreement shall be null and void.

9. The "Effective Date" shall be the date on which the Settlement Order becomes a final, non-appealable order, provided that no stay of the Settlement Order has been granted by any court and is then pending.

10. As soon as reasonably practicable after the Effective Date, the Parties shall take all actions necessary to dismiss the Objections and the Appeal.

11. Except as otherwise provided herein, as of the Effective Date, each Party (and anyone claiming by, through or under such Party) releases, acquits and forever discharges each other Party from any and all claims, demands, losses, costs, expenses, actions, causes of action, suits, disputes, objections, and defenses that were brought in the Objections or the Appeal .

12. This Settlement Agreement shall bind and inure to the benefit of all successors and assigns of the Parties, including, without limitation, any trustee, estate representative, responsible officer or examiner appointed or elected in the Bankruptcy Case. In the event of any conflict between the terms of this Settlement Agreement and the terms of the Agreement or the Payment Order, the terms of this Settlement Agreement shall govern. In the event of a conflict between the terms of this Settlement Agreement and the terms of the Consent Decree currently being negotiated between the parties, the Consent Decree shall govern.

13. All notices, demands, and other communications hereunder shall be in writing and shall be deemed to have been duly given: (a) when personally delivered; (b) upon receipt during normal business hours, or otherwise on the first business day thereafter, if transmitted by facsimile with confirmation of receipt; (c) when received, if mailed by certified mail, return receipt requested, postage prepaid; or (d) when received, if sent by overnight courier; in each case, to the following addresses, or to such other addresses as a Party may from time to time specify by notice to the other Party given pursuant hereto.

If to Trustee, to:

Donald Samson
226 W. Main Street, Suite 102
Belleville, IL 62220

With a copy to:

William Niehoff
Mathis, Marifian & Richter, Ltd.
23 Public Square, Suite 300
Belleville, IL 62220

If to Paradigm, to:

Paradigm Minerals and Environmental Services, LLC
3574 Chemetco Lane
Hartford, IL 62048
Attn: Elliott Stegin and Steve Zuber

With a copy to:

Daniel Nester
Bryan Cave LLP
211 N. Broadway, Suite 3600
St. Louis, MO 63102

-and-

Steve Poplawski
Bryan Cave LLP
211 N. Broadway, Suite 3600
St. Louis, MO 63102

If to Commerce Bank, to:

Commerce Bank
8000 Forsyth Blvd.
St. Louis, MO 63105
Attn: David Orf

With a copy to:

David Unseth and Dan Nester
Bryan Cave LLP
211 N. Broadway, Suite 3600
St. Louis, MO 63102

If to IEPA, to:
James Kropid
Division of Legal Counsel
Illinois Environmental Protection Agency
1021 North Grand Avenue East
P.O. Box 19276
Springfield, IL 62794-9276

With a copy to:
James Morgan
Assistant Attorney General
Environmental Bureau
Office of the Attorney General
500 South Second Street
Springfield, IL 62706

If to the United States, to

As to U.S. Department of Justice

[By U.S. Mail]

Chief
Environmental Enforcement Section
U.S. Department of Justice
P.O. Box 7611
Ben Franklin Station
Washington, D.C. 20044
Re: No. 90-5-1-1-4516

[By Courier]

Chief
Environmental Enforcement Section
U.S. Department of Justice
ENRD Mailroom, Room 2121
601 D. Street NW
Washington, D.C. 20004
Re: No. 90-5-1-1-4516

As to U.S. EPA:

Thomas Martin
Associate Regional Counsel
U.S. Environmental Protection Agency
Region 5
77 West Jackson Boulevard
Chicago, Illinois 60604-3590

Michelle Kerr
Remedial Project Manager
Superfund Division
U.S. Environmental Protection Agency
Region 5
77 West Jackson Boulevard
Chicago, IL 60604-3590

14. The Parties shall cooperate fully and shall execute and deliver any and all supplementary papers, documents, instruments and other assurances, and shall do any and all acts that may be reasonably necessary or appropriate to give full force and effect to the terms and intent of this Settlement Agreement.

15. The Bankruptcy Court shall have exclusive jurisdiction to determine as a core proceeding any dispute or controversy with respect to the interpretation or enforcement of this Settlement Agreement.

16. This Settlement Agreement contains the entire agreement between the Parties with respect to the matters covered by this Settlement Agreement, and no promise or understanding or representation made by any Party or agent, director, officer, employee or attorney of any Party that is not expressly contained in this Settlement Agreement shall be binding or valid. The clarifications/amendments sought by the Motion and Order, dated March

9, 2010 and May 4, 2010, respectively, have been supplanted by this Settlement Agreement and are merged into and controlled by this Settlement Agreement.

17. This Settlement Agreement may not be modified, amended, or supplemented by the Parties except in accordance with further order of the Bankruptcy Court or by a written agreement that all of the Parties have signed.

18. A waiver of any provision of this Settlement Agreement shall not constitute a waiver of any other provision of this Settlement Agreement.

19. In case any provision of this Settlement Agreement shall be determined to be invalid, illegal or unenforceable for any reason, the remaining provisions and portions of this Settlement Agreement shall be unaffected and unimpaired thereby, and shall remain in full force and effect, to the fullest extent permitted by applicable law.

20. This Settlement Agreement is intended to settle and dispose of claims which are contested and denied. Nothing herein shall be construed as an admission by the Parties of any liability of any kind.

21. Each Party warrants and represents that the person executing this Settlement Agreement on its behalf is authorized to do so.

22. The Parties may execute this Settlement Agreement in one or more counterparts, each of which constitutes an original, and all of which constitute one and the same agreement. A facsimile or any other copy of this Settlement Agreement executed by the Parties, whether complete or in counterparts, shall constitute sufficient evidence of the executed original of this Settlement Agreement for all purposes.

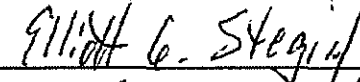
[REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties have executed this Settlement Agreement effective on the date set forth above.



DONALD SAMSON
Trustee for the Bankruptcy Estate of Chemetco, Inc.

PARADIGM MINERALS AND
ENVIRONMENTAL SERVICES, LLC

By: 

Name: Elliott G. Steglin
Title: CEO

IN WITNESS WHEREOF, the parties have executed this Settlement Agreement effective on the date set forth above.

COMMERCE BANK

By: David L. Orf

Name: David L. Orf

Title: Senior Vice President

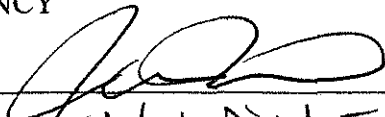
IN WITNESS WHEREOF, the parties have executed this Settlement Agreement effective on the date set forth above.

ILLINOIS ENVIRONMENTAL PROTECTION
AGENCY

By: _____

Name: _____

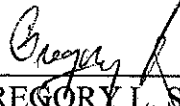
Title: _____


Interim Director
John J. Kim

IN WITNESS WHEREOF, the parties have executed this Settlement Agreement effective on the date set forth above.

UNITED STATES OF AMERICA

IGNACIO S. MORENO
Assistant Attorney General
Environment and Natural Resources
Division

 7/24/12

GREGORY L. SUKYS
Senior Attorney
U.S. Department of Justice
P.O. Box 7611
Washington, DC 20044
Tel: 202-514-2068
Fax: 202-616-6584
greg.sukys@usdoj.gov



Operating Expenses September 2009 thru March 2011

\$680,217.90

Estate expenses 9/09 thru 3/11

\$378,454.66	payroll
\$2,700.00	office cleaning
\$2,269.86	computer & copier maintenance
\$2,368.22	office supplies
\$3,961.62	wisper internet
\$421.57	fedex and postage
\$11,776.96	uniforms
\$43,621.92	health & life insurance
\$2,277.54	dental insurance
\$7,396.14	work comp premium
\$3,114.36	reimburse medical deductible
\$1,400.05	medical surveillance employees
\$956.10	hazwoper training
\$9,000.00	forktruck purchase

Estate \$469,719.00

Paradigm expenses 9/09 thru 3/11

\$34,998.33	Security
\$1,024.56	Waste Hauling
\$258.57	Absopure water
\$2,341.07	camera maintenance
\$9,241.73	USEPA Compliance
\$753.63	safety supplies
\$128,260.47	utilities
\$5,116.00	NPDES testing
\$4,150.00	NPN environmentals
\$2,442.00	Odesco
\$1,176.52	Heritage
\$201.50	Midwest Sanitary
\$1,000.00	IEPA
\$356.17	Environmentals Supplies
\$249.59	Shipping
\$576.61	Oxygen/Acteleyene
\$2,124.17	Norweco Septic
\$285.00	State Fire Marshall
\$1,085.75	Parts-maintenance
\$2,192.60	Office maintenance
\$2,110.98	Mobile equipment
\$966.62	propane
\$479.20	scale repair
\$5,716.20	diesel fuel
\$2,926.88	equipment rental
\$464.75	miscellaneous

Paradigm \$210,498.90

Exhibit A

Operating Expenses April 1, 2011 thru March 31, 2012

\$647,713.73

Estate expense 4/11 thru 3/12

\$300,482.06	payroll
\$1,800.00	office cleaning
\$460.00	computer & copier maintenance
\$1,768.08	office supplies
\$923.01	fedex and postage
\$12,535.82	uniforms
\$28,638.03	health & life insurance
\$1,643.09	dental insurance
\$16,988.14	work comp premium
\$2,724.27	reimburse medical deductible
\$1,614.20	medical surveillance employees
\$985.00	hazwoper training
\$9,000.00	truck purchase
\$10,000.00	forktruck purchase
\$9,000.00	generator purchase
\$9,500.00	manlift purchase
\$2,437.41	mig welder purchase
\$1,320.87	internet

Estate \$411,819.98

Paradigm expenses 4/11 thru 3/12

\$92,945.84	Security
\$711.36	waste hauling
\$318.31	water
\$30,236.86	Utilities
\$1,030.10	NPDES permit
\$27,671.68	Midwest Sanitary
\$1,466.75	environmental supplies
\$182.00	EMA
\$250.00	St. Louis Testing
\$1,360.00	SGS NA
\$1,083.01	oxygen/acetylene
\$519.78	parts
\$1,295.65	office maintenance
\$467.85	propane
\$1,432.92	mobile equip.maintenace
\$1,018.40	scale repair
\$8,992.66	repair parts
\$27,263.75	diesel fuel
\$1,506.86	equipment rental
\$3,800.00	Aerotek
\$4,457.00	NPDES testing
\$4,480.00	Baker frac tanks
\$16,570.78	Heritage RCRA bins
\$5,425.92	Illini Env. - take water out of frac tanks & haul away
\$702.37	safety supplies
\$703.90	freight

Paradigm \$235,893.75

Exhibit B